

Home Affordable Modification Program (HAMP): Checklist for Getting Started and Participating in HAMP for Non-GSE Loans, Guidance Effective for Verified Trial Period Plans

This checklist is designed for mortgage servicers' use, to help you track your progress in getting started and participating in the Home Affordable Modification Program for mortgage loans you service that are not owned or guaranteed by Fannie Mae or Freddie Mac.

For more details on the program and other additional resources, visit the Treasury Department's Web site for HAMP mortgage servicers, www.HMPPadmn.com. While every effort has been made to ensure the reliability of the content of this checklist, the provisions of the Supplemental Directives (as further supplemented or clarified in FAQs) govern, and must be adhered to in the event of any conflict.

With the release of Supplemental Directive 10-01, a new process has been introduced. The new process must be used for all HAMP trial period plans with effective dates on or after June 1, 2010 but can be used prior to this date. This overview describes the new process.

<input checked="" type="checkbox"/>	Task	Notes
<i>Getting started as a participating HAMP servicer...</i>		
<input type="checkbox"/>	Complete the HAMP registration form and return to HAMP Solution Center via e-mail to setup@hmpadmn.com	Form can be found on Web site, www.HMPPadmn.com
<input type="checkbox"/>	Receive e-mail from HAMP Solution Center that includes additional required forms, HAMP Registration Number, HAMP Servicer Number(s), and additional instructions	Forms include: <ul style="list-style-type: none"> • Acknowledgement of Limitations of Use Document (applies to NPV Model) • IRS W-9 Form • User Technology Registration Form • Servicer Participation Agreement

<input checked="" type="checkbox"/> Task	Notes
<input type="checkbox"/> Complete required forms received from HAMP Solution Center	<p>When completing forms, note instructions below—</p> <ul style="list-style-type: none"> • All forms must be signed by primary contact as designated in Part 1 of HAMP registration form • The IRS W-9 Form is required in order to receive the incentive payments under the Program • User Technology Registration Form—complete one for each individual who will need access to the "Participating Servicer" section of the www.HMPPadmin.com Web site (requires login) • Servicer Participation Agreement—complete and sign by entity which owns the servicing rights (may be different than entity actually servicing the loans)
<input type="checkbox"/> Return completed required forms to HAMP Solution Center	<p>To return completed forms—</p> <ul style="list-style-type: none"> • Send completed Acknowledgement of Limitations of Use Document, IRS W-9 Form and User Technology Registration Form via e-mail to setup@hmpadmin.com, or fax to (240) 699-3900 • Mail completed Servicer Participation Agreement, with original signature, to: <p>HAMP Solution Center P.O. Box 809006 Dallas, Texas 75380-9006</p>
<input type="checkbox"/> Receive e-mail from HAMP Solution Center that includes login information and a copy of Servicer Participation Agreement (counter-signed)	<p>Specifically, login information will include a user ID and link to establish a password to access the "Participating Servicer" section of www.HMPPadmin.com.</p>
<input type="checkbox"/> Register for the HAMP Reporting Tool	<p>The HAMP Reporting Tool is available on the secure servicer area of the HAMP Web site www.HMPPadmin.com and is used to report data to the US Treasury.</p> <p>Once you are a HAMP Participating Servicer, you must register for the HAMP Reporting Tool by contacting Lender Processing Servicer, Inc. (LPS) at (866)939-4469 and select Option 1, then Option 5.</p>

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<input type="checkbox"/>	<p>Obtain the "Initial Package" documents from borrower, then acknowledge and verify completeness...</p> <p>Effective for all trial period plans with effective dates on or after June 1, 2010, you may evaluate a borrower for HAMF only after you receive the following documents, referred to as the "initial package"—</p> <ul style="list-style-type: none"> • Request for Modification and Affidavit (RMA) Form • IRS Form 4506-T or 4506T-EZ • Evidence of Income 	<p>The RMA Form provides the servicer with borrower and co-borrower financial information including the cause of the borrower's hardship. The financial and hardship sections of the RMA must be completed and executed by the borrower and, if applicable, the co-borrower. It also solicits data related to the race, ethnicity and gender of the borrower and co-borrower, referred to as Government Monitoring Data (GMD); however, you may not refuse to accept an RMA if this sections is not completed. The RMA Form is available on www.HMFPadmin.com.</p> <p>You may use other proprietary financial information forms that are similar in content to the RMA. However, if you do use other forms then you must obtain an executed MHA Hardship Affidavit. A standalone version of which is available on www.HMFPadmin.com.</p> <p>All borrowers must provide a signed and completed IRS 4506-T or 4506T-EZ. The 4506T-EZ is encouraged because of its relative simplicity. Both forms are available, in English or Spanish, on www.HMFPadmin.com. The borrower must print, sign and send the form to his/her servicer.</p> <p>Lastly, the borrower must provide income verification documentation. Allowable documents are described in the "Borrower Income/Asset Documentation and Verification of Eligibility" section of Supplemental Directive 10-01. The income evidence and financial information must not be more than 90 days old as of the date the Initial Package is received by the servicer.</p>
<input type="checkbox"/>	<p>Within 10 business days following receipt of an Initial Package, you must acknowledge in writing the borrower's request for HAMF participation and include the following details—</p> <ul style="list-style-type: none"> • Confirmation that the Initial Package was received • A description of the servicer's evaluation process • A timeline of the servicer's evaluation process 	<p>You may email the acknowledgement if the borrower sent the documents via email.</p> <p>Ensure that you maintain evidence of the date of receipt of the borrower's initial package in your records.</p>

<input checked="" type="checkbox"/> Task	Notes
<input type="checkbox"/> Within 30 calendar days following receipt of an Initial Package, you must review the documentation provided by the borrower for completeness. If the documentation is incomplete, you must send the borrower an Incomplete Information Notice that— <ul style="list-style-type: none"> • Lists the additional required verification documentation • Includes a specific date by which the documentation must be received (no less than 30 calendar days from the date of the notice) 	If the documents are not received by the date specified in the notice, you must make one additional attempt to contact the borrower in writing regarding the incomplete documents. This additional notice must include the specific date by which the documentation must be received which must be no less than 15 calendar days from the date of the second notice. If the borrower is still unresponsive, you may discontinue document collection efforts and determine the borrower is ineligible for HAMP. If this is the case, you must inform the borrower and consider other loss mitigation options.
Verify eligibility...	
<input type="checkbox"/> Review documentation to determine whether borrowers potentially qualify for HAMP	To be eligible for HAMP, all of the following requirements must be met— <ul style="list-style-type: none"> • Property securing loan must be borrowers' primary residence and currently occupied • Loan must be delinquent or default is reasonably foreseeable; loan currently in foreclosure is eligible • Loan must be a first lien originated on or before January 1, 2009 • Unpaid principal balance of loan must be no more than \$729,750 for one-unit property (higher limits apply to 2-, 3-, and 4-unit properties) • Borrowers' total monthly mortgage payment—including principal, interest, taxes, insurance, and homeowner association or condo dues—exceeds 31% of gross monthly income • Loan must not have previously been modified under HAMP or the subject of a fully executed HAMP Trial Period Plan • Borrower is experiencing financial hardship and does not have sufficient liquid assets to make contractual mortgage payments Legitimate causes of financial hardship include one or more of following— <ul style="list-style-type: none"> • Reduction in, or loss of, income • Change in household financial circumstances • Recent or upcoming increase in monthly mortgage payment • Increase in expenses

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	<ul style="list-style-type: none"> • Lack of sufficient cash reserves to pay mortgage and basic living expenses—excluding retirement accounts, emergency funds • Excessive monthly debt payments and overextension with creditors • Other reasons for hardship <p>Borrowers who inform you about a hardship while they are current or less than 60 days delinquent must be screened for imminent default. In making this determination, you will need to evaluate the borrowers' financial condition in light of the hardship – and inquire about the condition of the property securing the loan.</p> <p>Once you make the determination of imminent default, you must document the basis for your decision in your servicing system – and retain any documentation that was used to reach it, including information on the borrower's financial condition and circumstances of the property securing the loan.</p>
<input type="checkbox"/> Determine whether borrowers' current monthly mortgage payment ratio exceeds 31% (as required)	<p>To determine borrowers' current monthly mortgage payment ratio, follow these steps—</p> <ol style="list-style-type: none"> 1. Calculate borrowers' monthly gross income (total income before any payroll deductions, plus all other income) 2. Calculate monthly mortgage payment (total principal, interest, taxes, hazard and flood insurance, homeowners association fees—but not mortgage insurance premium or payment to subordinate lienholders) 3. Calculate mortgage payment ratio (ratio of borrowers' monthly mortgage payment to monthly gross income) <p>Note that—</p> <ul style="list-style-type: none"> • If current monthly mortgage payment ratio is calculated as 31% or less, borrowers are ineligible for HAMP, and should be considered for other foreclosure prevention alternatives
<input type="checkbox"/> Verify borrowers' total monthly debt ratio	<p>Note that—</p> <ul style="list-style-type: none"> • Monthly debt ratio is borrowers' monthly gross expenses divided by monthly gross income

<input checked="" type="checkbox"/> Task	Notes
	<ul style="list-style-type: none"> • Monthly gross expenses refers to borrowers' total housing payments plus all recurring monthly debt payments • A credit report for each borrower and co-borrower should be used to validate installment debt and other liens <p>If the monthly debt ratio exceeds 55 percent, you must send the Home Affordable Modification Program Counseling Letter to the borrower requiring that they work with a HUD-approved counselor to reduce their monthly debt to less than 55 percent of monthly gross expenses. The letter includes a list of local HUD-approved housing counseling agencies and directs the borrower to the appropriate HUD website.</p> <p>Note that face-to-face counseling is preferred, although telephone counseling is acceptable, provided it covers the same topics as face-to-face sessions.</p>
Calculate proposed payment amount...	
<input type="checkbox"/> Calculate target monthly mortgage principal and interest (P&I) payment amount	<p>To calculate the target monthly mortgage P&I payment, complete each step in the order listed here—</p> <ol style="list-style-type: none"> 1. Multiply monthly gross income by 31% (the "target monthly mortgage payment") 2. Subtract monthly taxes, insurance and home owners association or condo dues from the Target Monthly Mortgage Payment <p>Note: Do not include borrower paid MI.</p>
<input type="checkbox"/> Complete the necessary modification steps to achieve the target monthly mortgage P&I payment amount	<p>To achieve the target monthly mortgage P&I payment amount, complete each step in the order listed here, and proceed to the next one—only if needed, to reach the target 31% monthly mortgage payment ratio—</p> <ol style="list-style-type: none"> 1. Capitalize accrued interest, escrow advances, and acceptable servicing advances to third parties by adding to loan balance (if allowed by applicable law) 2. Reduce interest rate in .125% increments, to not less than 2% 3. Extend mortgage term by up to 480 months 4. Provide principal forbearance only if needed to reach 31% target

<input checked="" type="checkbox"/> Task	Notes
<input type="checkbox"/> Perform the NPV Test	<p>Note that—</p> <ul style="list-style-type: none"> NPV test compares net present value of economic results to be expected with a modification, versus results without a modification, using base NPV model (or customized NPV model where permissible), and documents results If NPV test result is positive, economic results are expected to be greater with a modification—in which case, the HAMF modification must be pursued If NPV test result is negative, economic results are expected to be greater with no modification—in which case, it is up to you (subject to the investor's approval, if applicable) whether or not to pursue a HAMF modification NPV model and instructions for using it can be accessed from the "Participating Servicer" section of www.HMFPadmin.com (requires login) Property valuation (one of required inputs) may be determined by using either (1) an automated valuation model (AVM), (2) a broker price opinion (BPO), or (3) an appraisal Whether or not a HAMF modification is pursued, a servicer must maintain detailed documentation of NPV test (including model and version used), all NPV inputs and assumptions, and NPV results
Inform borrower and perform required reporting...	
<input type="checkbox"/> Within 30 calendar days following receipt of an Initial Package— <ul style="list-style-type: none"> If the borrower is deemed eligible, then send the borrower a Trial Period Plan Notice If the borrower is deemed ineligible, you must communicate this determination to the borrower and consider other loss mitigation options 	<p>The Trial Period Plan Notice describes the terms of the trial modification and the payment due dates.</p> <p>Borrowers are not required to sign the TPP Notice but a servicer must retain a copy of the TPP Notice in the borrower file and note the date it was sent.</p>
<input type="checkbox"/> Starting December 1, 2009, you must collect certain data for all mortgage loans evaluated for HAMF. Starting January 4, 2010, you must report that data to Fannie Mae, as program administrator.	<p>Beginning December 1, 2009, when a mortgage loan has been "evaluated" for HAMF, then certain data including identifying information, government monitoring data, NPV model input data and reason codes must be collected and reported to Fannie Mae, as program administrator. A mortgage loan has been "evaluated" for HAMF when one of the following has occurred—</p>

<input checked="" type="checkbox"/>	Task	Notes
		<ul style="list-style-type: none"> • A borrower has submitted a written request (either hardcopy or electronic submission) for consideration for a HAMP modification which includes, at a minimum, current borrower income and a reason for default or explanation of hardship, as applicable; or • A borrower has verbally provided sufficient financial and other data to allow the servicer to complete a Net Present Value (NPV) analysis; or • A borrower has been offered a Trial Period Plan <p>The following data must be provided as per the Schedules outlined in Supplemental Directive 09-06 which is available on www.HMPPadmin.com—</p> <ul style="list-style-type: none"> • Schedule I titled "Identifying Information," Schedule II titled "Government Monitoring Data," and Schedule III titled "NPV Model Inputs" must be reported on the 4th business day of every month (the "Reporting Date"), beginning January 4, 2010, for each mortgage loan— <ul style="list-style-type: none"> ◦ That entered an official HAMP modification on or after December 1, 2009; ◦ That entered a HAMP trial period with a Trial Period Plan Effective Date on or after December 1, 2009; ◦ Evaluated for HAMP on or after December 1, 2009; • Schedule IV titled "Not Approved/Not Accepted Reason Codes," must be reported for each mortgage loan evaluated for HAMP that, on or after December 1, 2009, did not enter a HAMP trial, fell out of a HAMP trial or, after the HAMP trial, did not result in an official HAMP modification. On the Reporting Date in the month following the month in which such a trigger event occurred, servicers must report to Fannie Mae a Reason Code as set forth on Schedule IV that appropriately describes the reason the mortgage loan was determined to be ineligible for HAMP. <p>The HAMP Reporting Tool can be accessed from the "Participating Servicer" section of www.HMPPadmin.com (requires login)</p>

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Start Trial Period Plan...		
<input type="checkbox"/>	Once the borrower returns the first trial payment, the trial period plan has started Borrower's first trial period payment must be received no later than the end of the month in which it is due or Trial Period Plan offer expires	The effective date of the trial period will be set forth in the Trial Period Plan Notice and is the first day of the month in which the first trial period plan payment is due. As the expiration date of an offer approaches, you are encouraged to contact borrowers who have not responded. The trial payment period lasts for three months - although it may be longer, if necessary, to comply with the terms of any applicable contracts with an investor, for example.
<input type="checkbox"/>	Complete loan setup process for trial period, and report first trial payment, as required by Treasury	Note that— <ul style="list-style-type: none"> Required loan setup data for trial period must be completed using the reporting tools available on www.HMFPadmin.com by the fourth business day of the month immediately following the month in which the Trial Period Plan takes effect, provided that the first trial period payment has been received. The HAMP Reporting Tool can be accessed from the "Participating Servicer" section of www.HMFPadmin.com (requires login)
Servicing and reporting of loans during trial period...		
<input type="checkbox"/>	Collect each trial payment and hold in a suspense account, subject to the security instrument and applicable law, as unapplied funds until total reaches at least full monthly contractual payment of the oldest payment due, then apply to loan as a regular payment	During the trial period, trial payments collected from borrowers— <ul style="list-style-type: none"> Should be held as unapplied funds—as permitted by applicable loan documents and law—until amount collected totals at least the oldest full monthly contractual payment due, then applied to loan as a regular monthly payment Any unapplied funds remaining at end of trial period which do not constitute full monthly contractual payment should be applied to reduce any amounts that would otherwise be capitalized into the principal balance <p>Note that—</p> <ul style="list-style-type: none"> Late charges, stop payment fees, and other similar fees must be waived upon successful completion of trial period

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<input type="checkbox"/> Report each subsequent trial payment following collection, as required by Treasury	<p>Note that—</p> <ul style="list-style-type: none"> Use the reporting tools available on www.HMPadmin.com to report each subsequent trial payment collected by the fourth business day of the month immediately following the month in which the payment is made The HAMP Reporting Tool can be accessed from the "Participating Servicer" section of www.HMPadmin.com (requires login)
<input type="checkbox"/> Continue to report "full-file status" report to four major credit repositories	<p>Throughout modification process (including trial period and after modification is executed), continue to report "full-file status" report to four major credit repositories</p> <p>Note that—</p> <ul style="list-style-type: none"> "Full-file" means to describe the exact status of each mortgage as of the last day of each month In cases of borrowers who are current when they enter trial period, you must report them as current but on a modified payment, provided they make their trial period payments on time. In cases of borrowers who are delinquent when they enter trial period, you must report them as delinquent but on a modified payment
<input type="checkbox"/> After receipt of the second trial payment, prepare two Home Affordable Modification Agreements and Cover Letter and send to borrowers	<p>Note that—</p> <ul style="list-style-type: none"> You are encouraged to prepare and send the Home Affordable Modification Agreement and Cover Letter following collection of second trial payment Documents listed above can be accessed from www.HMPadmin.com
Converting from trial to permanent modification...	
<input type="checkbox"/> Determine whether borrowers successfully complete trial period—at end of trial period	<p>Note that—</p> <ul style="list-style-type: none"> At the end of the trial period, borrowers must be "current" for their loan modification to be made permanent. For this purpose, "current" is defined as all required trial payments having been received by the last day of the month in which it is due

<input checked="" type="checkbox"/>	Task	Notes
<input type="checkbox"/>	Receive two signed Home Affordable Modification Agreements from borrowers and have primary contact sign one and return to borrowers—provided borrowers successfully complete trial period	<ul style="list-style-type: none"> • Modifications become effective on first day of calendar month immediately following end of trial period, with one exception: for borrowers whose final trial period payment is received after due date, but before end of trial period, you may opt to establish an effective date of first day of second calendar month following end of trial period • If all trial payments are not received by the end of the month in which the final payment is due, borrowers are ineligible to receive an executed modification agreement and should be considered for other foreclosure alternatives
<input type="checkbox"/>	If both conditions met, extend Modification Effective Date one month (to the first day of the second month after completion of the Trial Period)	<p>For Modification Agreement to be executed—</p> <ul style="list-style-type: none"> • Borrowers must successfully complete trial period and return two signed Home Affordable Modification Agreements to the servicer • Have both Home Affordable Modification Agreements signed by primary contact designated in Part 1 of HAMP Registration form, and send copy to borrowers • Executed modification takes effect on first day of calendar month immediately following end of trial period
<input type="checkbox"/>	Report terms of modification to applicable mortgage insurance company—within 30 days following successful completion of trial period	<p>Conditions:</p> <ul style="list-style-type: none"> • Borrower does not pay the final trial period payment on or before the due date set forth in the Trial Period Plan • Payment made after “cutoff date” established in internal policy <p>Note that—</p> <ul style="list-style-type: none"> • Borrower is not required to make an additional trial period payment during the month in between the final trial period month and the month in which the modification becomes effective
<input type="checkbox"/>	Record modification—if required—and take additional steps necessary to protect first lien position and ensure modified loan is fully enforceable	<p>Follow investor guidance (if applicable)</p>

<input checked="" type="checkbox"/>	Task	Notes
Servicing loans following execution of modification...		
<input type="checkbox"/>	Complete loan setup process for executed modification, as required by Treasury	<p>Note that—</p> <ul style="list-style-type: none"> Required loan setup data for executed modifications must be completed using the reporting tools available on www.HMFPadmin.com by the fourth business day of the month in which the modification takes effect The HAMP Reporting Tool can be accessed from the "Participating Servicer" section of www.HMFPadmin.com (requires login)
<input type="checkbox"/>	Receive incentive payments due your company	<p>Incentive payments due your company—</p> <ul style="list-style-type: none"> Incentive payments due your company will be credited to your designated bank account(s), as specified in your completed HAMP Registration form For each executed modification, you will receive \$1,000 For each executed modification in which borrowers were current when they entered trial period, you will receive additional \$500 Plus, provided the modified loan remains in 'good standing', you will receive annual "pay for success" fee of up to \$1,000 for up to three years, provided the borrowers' monthly mortgage payment is reduced by at least 6%
<input type="checkbox"/>	Receive incentive payments due investors (if applicable)	<p>Incentive payments due investors (if applicable)—</p> <ul style="list-style-type: none"> For each executed modification in which borrowers were current when they entered trial period, a one-time bonus payment of \$1,500 for the investor will be credited to your designated bank account(s), as specified in your completed HAMP Registration form—provided borrowers' monthly mortgage payment is reduced by at least 6% Plus, provided the modified loan remains in 'good standing', during the first five years of an executed modification, the investor will receive monthly payment subsidies as compensation for agreeing to reduced borrower payments <p>Note that—</p> <ul style="list-style-type: none"> For loans held in your portfolio, your organization is the investor

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<input type="checkbox"/> Report each payment received from borrowers, immediately following collection, as required by Treasury	<p>Note that—</p> <ul style="list-style-type: none"> • Use the reporting tools available on www.HIMPadmin.com to report each subsequent payment collected as required by Treasury • The HAMP Reporting Tool can be accessed from the "Participating Servicer" section of www.HIMPadmin.com (requires login) • Continue to report for as long as loans are eligible for incentive payments—up to five years—provided loans remain in 'good standing' • If a modified loan subsequently becomes 90 or more days delinquent—that is, three payments are due and unpaid as of the last day of the third month—the loan will no longer be considered in "good standing"...which means that it will no longer be eligible for incentive payments. Once lost, good standing cannot be restored even if the borrower subsequently cures the default. If a borrower is unable to cure the default, you will need to evaluate the borrower for any other available foreclosure prevention alternatives
<input type="checkbox"/> Receive borrowers' annual "pay for performance" incentive (for up to five years) and apply to borrowers' loan to reduce principal balance, as received	<p>Provided modified loan remains in 'good standing' and borrowers' monthly mortgage payment is reduced by at least 6%—</p> <ul style="list-style-type: none"> • Each year, for five years, borrowers' "pay for performance" incentive will be credited to your designated bank account, as specified in HAMP Registration form you initially completed • You must apply borrowers' incentive to the loan

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